

Opportunities Presented by Global Crisis

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I WOULD LIKE to affirm, very briefly, that Brazil truly does have chances to distinguish itself as one of the developing economies capable of growing with relative autonomy, even though the international situation in coming years tends to be very unfavorable, given the perspective of a quite long recession. Why, first because Asia, under China's leadership, will tend to maintain some growth. This will leave reasonable conditions in the context of international trade and investments, which help to sustain the Brazilian economy.

The Brazilian economy, despite the global crisis, has unique conditions at this time to sustain a quite robust cycle of investments. What are these conditions? The first derives from a frontier of infrastructure investments of high return and relatively low risk due to repressed demand. The country has an absolute need to invest strongly in energy, logistics and various other important infrastructures. There is also the fact that we are putting in action irreversible investment processes in which the private sector, by means of concessions, has been called to participate more actively.

The second dynamic frontier is constituted by the petroleum and gas sector under the impetus of Petrobras' portentous five-year investment program (totaling more than US\$ 170 billion). The positive consequences of this program for our industrial supply chains for raw materials and equipment are highly promising and will receive active support from the National Economic and Social Development Bank (BNDES).

The third important frontier is related to certain expanded export opportunities from which the Brazilian economy can take advantage - emphasized by our extraordinary agribusiness, which will have continued chances to grow in coming years. The cellulose chain is another example, and there is still the extraordinary opportunity to make ethanol an international commodity on a large production scale. These are, therefore, very important opportunities.

The fourth large investment frontier that Brazil has is in the domestic market. The improved conditions of the domestic market, better income distribution, growth in employment and the possibility for expanded credit from a very healthy banking system, reveal an opportunity for continued growth of investments directed at the domestic market.

I do not only want to emphasize the automobile chain which can recover its dynamism. In the domestic market, in addition to the possibilities for expansion of a broad set of economic sectors and of the service industry, I can also emphasize the tremendous possibilities for development of residential construction. The federal government has the tools to stimulate the sustentation of investment in residential construction with significant favorable impacts on employment and income, refeeding the virtuous circle of the domestic market.

In sum, these are very strong frontiers. In this sense, I understand that Brazil has extremely robust growth opportunities capable of boosting the Brazilian economy towards a distinguished role in the world economy.

On what does this depend? It depends on lots of things, but this is the challenge for us to become a BRIC that is more dynamic than the others. One of the more important things that I want to emphasize is the need for us to establish domestic savings capacity, to finance these investments without depending excessively on opening an imprudently high deficit in the current account. Thus, we need to place on our agenda the importance of how to expand domestic savings capacity and investment in order to realize this great potential, which does not free us from also thinking of all of the other great challenges such as those in the fields of education, technological innovation, environmental preservation, regional development etc – challenges that are essential to allowing Brazil to truly become an important economy in the new global context.

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